

## **AN ANALYSIS AND MEASUREMENT OF EMPLOYEE ENGAGEMENT LEVEL FOR HUMAN RESOURCE DIVISION IMPROVEMENT: CASE STUDY AT PT. DASINDO MEDIA, BANDUNG BRANCH**

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*Abstract— Employee Engagement has been sounding recently as one of the issues in Human Resource business practices. Dale Carnegie Training as one of the training provider in Indonesia, under the management of PT. Dasindo Media, provides the training programs that help the company to engage more with their employees and treat them as valuable asset. However, as a learning organization, Dale Carnegie Training Bandung also faces the engagement issue within internal of the company. The early research found out that since the year of 2009, there has been unstable sales performance, unhappy working conditions, and high turnover in sales team. As research being done within internal company, it found out that there are four elements of employee engagement model issues that interfere the sales performance, they are: company, total rewards, people, and work factor. A further study is being done for those factor by using Analytical Hierarchy Process method to determine the importance level, interview and structure questionnaire design to determine performance level, and both calculation brings out result for urgency priority level should be prioritize for Human Resource Division system change practices. The result of urgency level priority is to fix the total rewards and work factor, especially resource variable. Several possible solutions are brought out to fix the total rewards variable, such as designing proper pay structure and determining possible and fair benefit outcome to maintain fairness to each employee, and doing specific recruitment process to maintain work balance in achieving sales target.*

*Keywords: employee engagement, Analytical Hierarchy Process, importance level, performance level, urgency priority level.*

### **1. Introduction**

Training activities is one of the program curriculum Human Resource departments that aim to improve the ability of its employees as well as private individuals in today's world competitive conditions. Many types of training can be selected and done based on the needs of each individual and team, and even organizations in achieving their goals. One of the providers that offer training services in Indonesia working in the field of soft skills is PT. Dasindo Media (Dale Carnegie Training), which originated franchise from the United States and offers a focus on leadership development to individuals and teams. Many companies have been assisted (until 2012) for developing leaders in various fields as well as the scope of work. One of the uniqueness of the training of non-technical /soft skills training is a type is able to serve a variety of industries. This is an advantage and weakness of this type of training because it can bring a lot of competitors as soft skills training providers both from the local and international levels.

#### *A. Company History*

Founded in the year of 1912, Dale Carnegie Training was firstly founded by Mr. Dale Carnegie himself and started his first course in New York City serving the public as public-speaking course. The training business itself had been growing rapidly and until the year of 1976, Dale Carnegie Training entered the Indonesia market as PT. Dasindo Media serving since then. Until current condition, Dale Carnegie Training Indonesia has been established in four Indonesia big cities: Jakarta (1976), Bandung (1991),

Surabaya (2001), and Medan (2006). In addition, Dale Carnegie Training Indonesia itself is managed by family own management system.

#### *B. Scope of Business*

The vision, mission, and values, the whole element of Dale Carnegie Training Indonesia (from the sales team, administration team, and team trainers) hold the same responsibility to satisfy and meet the client's solution. That is why the sales team hold key success factor in deciding which company or organization are available and suits the training process. Then the administration team will full support for the in class training process, where team trainers will decide what, which, why and how the training will be delivered.

#### *C. Description of Current Condition*

While other organization has been managing their sales team, especially the salespeople professionally, the different approach is implemented by Dale Carnegie Training Indonesia to their sales team. Others organization has been standardize their salespeople recruitment process, as well as the requirements for salesperson to look professional, variative compensation and benefits, supporting facilities, proper performance indicator, regular compensation system, organization culture, and clear career path to make their salespeople feel safe and happy during contribute to their organization. For some salesperson that is looking for future development and advancement, they will choose to stay less longer in this family-managed organization. There has been consideration to be managed professionally, but until now (the year of 2013), there is still less professional in the top level management and especially key position area. For this, some management rules are decided one party. The effect of these is dissatisfaction from several employees, inevitably for sales people because the rules of game for several sales system not yet establish. As these is more regarding to the company's sales team system has not been well established, there has been huge effort in hiring and maintaining salespeople in PT. Dasindo Media.

#### *D. Business Issue*

In the organization of Dale Carnegie Training Indonesia is mostly managed by family and organized by each franchisee in every specific area, the franchisee has the decision to develop the organization as family based organization. Especially in Bandung office, the owner of franchise are merely design their organization as simple to be organized. In this study, it is specifically focus to discuss about the sales team in PT. Dasindo Media for Bandung office where engagement issues is hardly to implement.

As sales team in Dale Carnegie Training – Bandung branch holds responsibility to manage sales and generate income for organization, each salesperson hold critical contribution for achieving their target to perform well and thus this team has become source of attention for the company to meet the 2015 vision. The main problem of the company is to meet the expected sales person in Bandung office. And since the year of 2009, the sales team has been changing rapidly due to the sales performance and individual team. Due to this concern, the study of engagement process to sales team is needed to overcome the problems.

## **2. Business Issue Exploration**

From the studies found by interviewing several new member, who resigned, and senior member, who left the company, several issues arise, such as:

- Disabilities of the sales leader to accomodate their subordinate and team.
- Disappointment in salary payment over the job done.
- Unfair treatment for certain person by sales leader, in case of database management.
- Displeasures overpromise or agreement made between management and employers.
- Dissatisfaction from financial system for sales incentives and bonuses.
- Bad relationship with co-workers or peers.

Gallup's Organization found that engaged employees are 80% less likely to leave their organization compare to non-engaged employees. It can be stated that the organization who has implemented the good engagement process to their employees will sustain and have their talents employees within the company. But for Dale Carnegie Training Bandung, it seems like the problems from exit interview process remains the main issue to be solved.

#### *E. Conceptual Framework*

From Gallup organization, employee engagement definition (2012), *"engaged employees are those who work with passion and feel profound connection to their company and drive innovation and move the organization forward."* It can be seen that stated for employers who are engaged to the company tend to be loyal and work with high productivity level. Gallup Management Journal in 2012 found that there is only 29% employees engaged and 71% others are non engaged to the company. From the Aberdeen Group, a Harte-Hanks Company (2012) has different definition, as stated, *"the alignment of individual priorities, goals and desires with the needs of the organization in order to deliver business results."*

Accoring to Hewitt (2008), Employee Engagement is defined as *"employees and the company's positive attitude (commitment, connection, involvement) to the cultural values and the achievement of corporate success."*

From Blessing White, Employee Engagement Report in 2011 defines that employee engagement level related to job satisfaction level. It defines as job satisfaction drivers, as stated below:

- Better relationship with my manager
- Greater clarity about what company wants me to do and why
- Improved cooperation among my coworkers
- Greater clarity about my own work preferences and career goals
- More challenging work
- More flexible job conditions
- More opportunities to do what i do best
- Career development opportunities and training

Hewitt associate (2008) also explained that employee engagement was influenced by some factors, such as: total rewards, company practices, quality of life, opportunities, work activites and people in organization. If all factors has accomplished, the organization will reach the highes level of engagement, and all factor interrelate. By using the model of Engagement theory from Hewitt Associate (2008) and adopting several issues defined in background and fact finding in Dale Carnegie Training Bandung sales team the employee engagement model is defined by customizing with the problems. Based on the early studies and several findings about earlier member quit the company, it can be seen that the members of sales team in Dale Carnegie Training Bandung team is not engage with the company. The low engagement is caused by several main issues, such as: people in the organization (including relation to peers, managers, and supervisor), undefined company policies, unclear work process, and unsatisfied remuneration the achieve. Therefore, the research model adopted from both Hewitt Associate, Hay Group references, and pre-eliminary study issues mentioned above the model used for the research can be constructed as seen below.

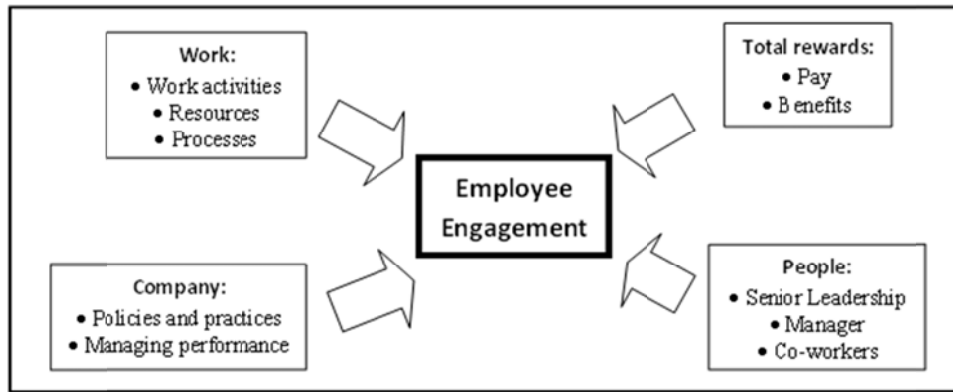


Figure 1. Model of Employee Engagement for Research

#### F. Method of Data Collection and Analysis

The data collecting method used in this research were:

##### a. Study literature.

Study literature was conducted to collect supporting data and outcome from several resources, such as books, internet related research, journals, company review and documents.

##### b. Questionnaire.

The questionnaire were distributed to all employees of Dale Carnegie Training in Bandung sales team office and must be answered by the respondents.

There are two types of questionnaire used in this research to measure performance-based indicator and importance-based indicator that both of them require different analysis and data processing.

##### c. Interview.

Interviews were conducted by using in-depth interview with the salespeople of Dale Carnegie Training Bandung related to the issue. Interview is also has been conducted to several past salespeople of Dale Carnegie Training Bandung as preliminary study.

From the questionnaire collecting process, the data of population is collected from 7 respondents which are the number of sales team in Dale Carnegie Training – Bandung office that has been experiencing and feel the organization system, they are the employees that listed in the company until January 2013.

#### G. Analysis of Business Situation

For data analysis, there are four factors that being used in the research. They are: Work condition, Company, Total rewards, and People. Each of the factors has variables criteria to help the clear definition for research. In this research, there are two questionnaire used to decide level of urgency and employee engagement level. The first questionnaire is used to decide the performance level and data gathered from these questionnaires is processed by using 'Microsoft Excel' and 'SPSS' software. The second questionnaire is used to decide the importance level and data gathered from these questionnaires is processed by using 'Expert Choice' software.

#### Performance Score Analysis

Histogram data can help to visualize the results of the issues, which are consists of ten big issues from the research. They are: work activities, resources, processess (from work condition factor), policies and practices, managing performance (from company factor), pay, benefits (from total rewards factor), senior leadership, manager, co-workers (from people factor). From those factors, the score of the result analysis is gained by calculating all the variable score and finding out the mean score for each points. The result of the calculation is represented Figure 2.



Figure 2. Data Histogram for Questionnaire Result

From the above result, the lower score points represent factor that is seen to disagree and need to further improvement and concern. The higher the results represent factor that respondents agree and need to be maintained. The lowest three points are the factor of: resources, pay, and benefits. They are the factors judged by respondents that need to be improved and make them dissatisfied for the working situation.

#### Importance Score Analysis

Importance Score Analysis is generated by using Analytical Hierarchy Process (AHP), where the system is used in decision-making process to determine which of the chosen factor is important and urgent to be improved due to the lack of time. The structure of AHP is presented in Figure 3.

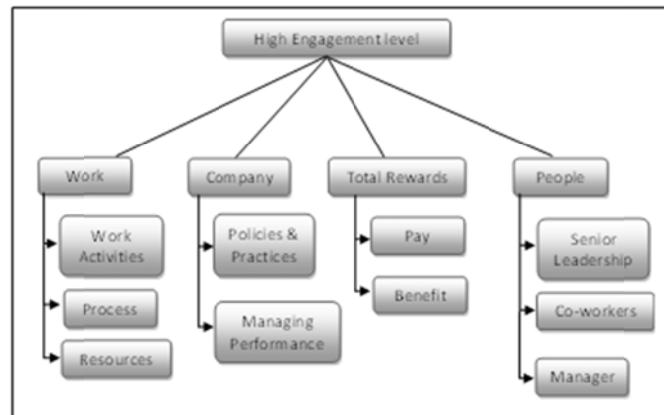


Figure 3. AHP Structure for Research Model

From the second questionnaire data gathered from the respondents, level of importance can be stated by using the 'Expert Choice' software to maintain the accuracy and consistency from the respondents answer. The calculation by using the software is represented Figure 4.

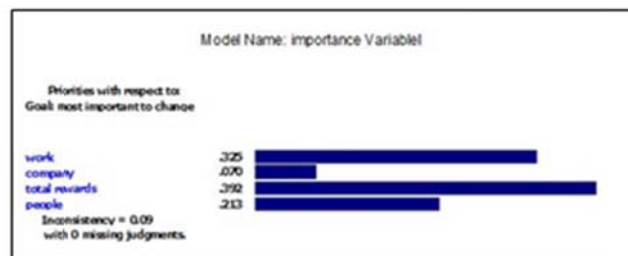


Figure 4. Importance Factor Score

From Figure 4 calculation the suggestion should be concentrating in mainly total rewards and work factor because both score are almost similar and get little difference. For further decision of work factor, the calculation for the variable is needed to decide level of importance to choose the priority solution outcome variable. The calculation from work factor variable is represented in Figure 5.

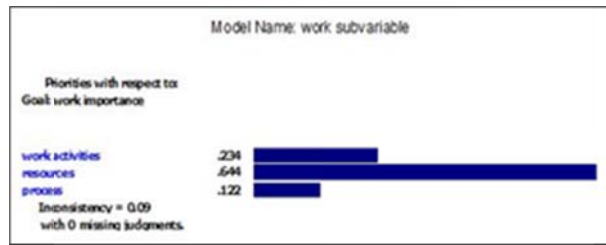


Figure 5. Importance of Work Variable Result

From calculation in figure 5, resources variable hold the highest score for further development and improvement importance than others variable. Therefore, resources should be the main consideration to be solved.

#### Deciding Urgency Level of Improvement

From Performance Level and Importance Level calculation, the next step will be deciding the urgency level from both score. The step is used to decide whether the factor or variable chosen is valid for being priority for improvement. The statistic calculation for deciding urgency level will be presented in figure 6.

| variable      | Average Performance score | Performance priority (4 – avg performance score) | Importance score | Priority Score |
|---------------|---------------------------|--|------------------|----------------|
| Work          | 3                         | 1  | 0.325            | 0.325          |
| People        | 3.4                       | 0.6  | 0.213            | 0.128          |
| Total Rewards | 3                         | 1  | 0.392            | 0.392          |
| Company       | 3.75                      | 0.25   | 0.7              | 0.175          |

Figure 6. Priority Score for Engagement Factor

From figure 6 the priority score calculation for further improvement will be focus on total rewards factor and work factor. They got the highest score for problem solution priority.

| Sub variable    | Average Performance score | Performance priority (4 – avg performance score) | Importance score | Priority Score |
|-----------------|---------------------------|--|------------------|----------------|
| Work activities | 2.93                      | 1.07   | 0.234            | 0.25           |
| Resources       | 2.43                      | 1.57   | 0.644            | 1.011          |
| Process         | 2.86                      | 1.14   | 0.122            | 0.139          |

Figure 7. Priority Score for Work Variable

From figure 7, it can be seen that priority for improvement highest score is focus on resources. It has the highest score of priority level to maintain the employee engage with the company.

### 3. Business Solution

Several actions needed for further development in Human Capital system for Dale Carnegie Training Bandung to engage their employees for better productivity. By doing further analysis and deeper questionnaire study, it found out that employees who started to disengage to the company are those who had been working in the company for more than 30 months (two and a half years). Several

actions for preventing further resignation from current employees must be taken by the management, especially in the total rewards factor and work resource variable.

#### *H. Alternative of Business Solution*

From current situation analysis, it can be concluded that actions for improvement needed to solve the Human Capital Management in Dale Carnegie Training Bandung sales team to maintain high engagement level are shown in table 1.

Table 1. Business Solution Alternatives

| Factor         | Variables | Point of Improvement   |
|----------------|-----------|--|
| Work Condition | Resources | Recruitment criteria   |
| Total Rewards  | Pay       | <ul style="list-style-type: none"> <li>• Salary structure</li> <li>• Commission payment</li> </ul> |
|                | Benefit   | Equality of supporting facilities  |

The strategy for the business solution for Dale Carnegie Training is doing recruitment activities to fulfill the sales position, adjusting payment variable in establishing salary structure and commission payment, and practice standard fairness of the supporting benefit programs.

#### *I. Analysis of Business Solution*

Noe (2010) stated that, the recruitment activities are designed to affect (1) the number of people who apply for vacancies, (2) the type of people who apply for them, and/or (3) the likelihood that those applying for vacancies will accept positions if offered. The goal of the company recruitment process is to ensure that the organization has a number of reasonable qualified applicants for the position required above. After the recruitment process being done and suitable applicants gathered, the Human Resource and the management will assist them to the next step (usually followed by presentation invitation, interview process, psychotest, and final negotiation stage). These steps are taken to ensure that the new applicants are suitable for the position available and cultural work suitable.

From current situation, the management pay decision is using 'rate ranges' (Noe, 2010) which permits a company to recognize differences in employee performance, seniority, training, and so forth in setting individual pay. The Dale Carnegie Training Bandung organization is supposed to be focus on pay structure, which in turn entails a consideration of pay level and job structure. Pay level is defined as the average pay (including wages, salaries, and bonuses) of jobs in an organization. Job structure refers to the relative pay of jobs in an organization. Both pay level and job structure are characteristics of organizations and reflect decisions about jobs rather than about individual employees. The next progress is adjusting the commission payment and percentage.

Table 2. Proposed Commission Payment

|                             | Clients due date       | Payment to sales            |
|-----------------------------|------------------------|-----------------------------|
| Current commission payment  | Date of 15 each months | After the training finished |
| Proposed commission payment | Date of 15 each months | The due months payment      |

Table 3. Proposed Commission Percentage

|                       |          | Current situation      | Proposed situation     |
|-----------------------|----------|------------------------|------------------------|
| Commission percentage | Public   | 2% from sales contract | 3% from sales contract |
|                       | In house | 2% from sales contract | 3% from sales contract |

According to Milkovich, Newman, and Gerhart (2011) Employee benefits are that part of the total compensation package, other than pay for time worked, provided to employees in whole or in part by employer payments. The role of benefit are widely claimed to help in the retention of workers. To maintain equality, similarity, and fairness for every member of the sales team, the standard benefit proposed to the management includes:

- 1.Regular / Standard benefit, according to Noe, (social insurance, private group insurance, retirement, pay for time not worked, and family-friend policies).
- 2.Medical insurance benefit.
- 3.Work tools (laptop / computer).
- 4.Communication tools (handphone, blackberry, or others).
- 5.Transportation and accomodation media (driver provided).

The role of benefit is importance (according to Milkovich, Newman, Gerhart) because the role of benefit findings are:

- Employee benefit are widely claimed to help retention of workers.
- Some research is also support benefits increase retention.
- Employee benefits also might be valued if the company could increase employee satisfaction.
- Employee benefits also are valued because they may have an impact on the bottom line.

#### 4. Implementation Plan and Suggested Course of Action

From the solutions formulation mentioned, they are supposed to help remain sales team in Dale Carnegie Training Bandung to work effectively and engage more with the organization. Because the limitation of time practices and urgency level in engaging the remains senior employees, several suggestions can be consider implemented for better Human Resource system in the future:

1. After the total rewards and work factors, the others factors used in the study are supposed to be overcome.
2. The monitoring progress should be done periodically and practice high level of discipline.
3. The company should consider treating their employees as an asset to the company to remain competitive advantage in people business solution.
4. It needs a set of regulations from head office of Indonesia to align with national regulation.
5. The owner supposed to take full commitment in implementing others' idea in becoming professional-managed organization.

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